

COSMOSTEEL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200515540Z)
(the “**Company**”)

**QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL
OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

Background

CosmoSteel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on:

1. the watch-list under the minimum trading price entry criteria (“**MTP Criteria Watch-list**”) pursuant to Rule 1311(2) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 June 2017 as it recorded a volume-weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last 6 months; and
2. the watch-list under the financial entry criteria (“**Financial Criteria Watch-list**”) pursuant to Rule 1311(1) of the Listing Manual on 5 June 2018 as it recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.

The Company remains on the MTP Criteria Watch-list and Financial Criteria Watch-list (collectively referred to as the “**Watch-lists**”) as at the date of this announcement as the Company did not meet (i) the MTP exit criteria pursuant to Rule 1314(2) of the Listing Manual (the “**MTP Exit Criteria**”) and (ii) the Financial exit criteria pursuant to Rule 1314(1) of the Listing Manual (the “**Financial Exit Criteria**”), (read with Practice Note 13.2 Watch-List) on 31 March 2020.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on its efforts and the progress made in meeting the MTP Exit Criteria and the Financial Exit Criteria.

Update on Future Direction and Other Material Developments

As announced by the Company on 11 May 2020, the Group reported revenue of approximately S\$41,096,000 and profit after tax of approximately S\$4,055,000 for the first half year (“**1HFY2020**”) of the financial year ending 30 September 2020.

While the Group was profitable in 1HFY2020 despite the recent plunge in oil prices and the current COVID-19 global pandemic, revenue generation in the second half of the financial year ending 30 September 2020 (“**2HFY2020**”) will be adversely impacted due to, *inter alia*, supply

chain disruptions resulting from the global COVID-19 pandemic and slower order book growth. Further, if the decreased oil prices continues to persist, there may be adverse implications or impact arising therefrom on the Group's customers who are operating in the oil and gas or energy industry, and that may in turn have an impact on the Group's business or operations, although the Company is unable to provide an accurate assessment or quantification of the impact at this juncture due to the fluid nature of the current circumstances.

To address the above, the Company will continue to improve its competitiveness in the market and explore measures to strengthen its revenue generation, including an expansion of our product offerings. Cost management continues to be a priority. The Company remains cautiously optimistic of maintaining its profitability for the financial year ending 30 September 2020. However, the Company would like to caution Shareholders that due to the fluidity of the existing situation due to the current COVID-19 global pandemic, the Group may face more challenges in 2HFY2020 from what is currently envisaged. The Company endeavours to keep Shareholders duly informed of any subsequent material developments.

Save for the above, as at the date of this announcement, there is no material development or update on the Group's future direction that may have a significant impact on the financial position of the Company or the movement of the Company's share price that would affect its position on the Watch-lists.

The Board will continue to monitor the situation closely, and will make the appropriate announcement(s), if applicable, should there be any material developments or updates to inform Shareholders on.

Update on Efforts for Satisfying MTP Exit Criteria and Financial Exit Criteria

As announced by the Company on 28 April 2020, the Company had on 22 April 2020 submitted an application to the SGX-ST ("**Application**") seeking an extension of time of 12 months from 4 June 2020 for the Company to satisfy the requirements under the MTP Exit Criteria.

As announced in a regulatory announcement dated 11 May 2020 ("SGX RegCo removes minimum trading price rule while enhancing other anti-manipulation tools") ("**Regulatory Announcement**"), the Singapore Exchange Regulation (SGX Regco) will be removing the minimum trading price (MTP) rule for Mainboard issuers with effect from 1 June 2020.

In view of the foregoing, the Company will no longer be required to satisfy the requirements under the MTP Exit Criteria by 4 June 2020 and the Company will be taking the necessary steps to withdraw the Application.

At the same time, as stated in the Regulatory Announcement, the requirements to exit the Financial Criteria Watch-List will be revised with effect from 1 June 2020, *inter alia*, to exclude non-recurrent income or income generated by activities outside the ordinary course of business, and to consider issuers as not meeting the profitability test for exiting the financial watch-list if its latest financial statements are subject to a modified audit opinion, or if its auditors have highlighted a material uncertainty relating to going concern.

The Company will be reviewing the relevant changes to the Listing Rules following the Regulatory Announcement and will endeavour to satisfy the requirements to exit the Financial Criteria Watch-List under the revised Listing Rules in due course.

BY ORDER OF THE BOARD

Ong Tong Hai
Chief Executive Officer and Executive Director
11 May 2020